

BLLENHEIM MEDICAL HEALTH FOUNDATION

**INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS**

MARCH 31, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Blenheim Medical Health Foundation

Qualified Opinion

We have audited the financial statements of Blenheim Medical Health Foundation, which comprise the statement of financial position as at March 31, 2026, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2026, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenditures, or net assets for the years ended March 31 for both the 2026 and 2025 years. Our audit opinion on the financial statements for the year ended March 31, 2025 was also modified accordingly in respect of this matter.

INDEPENDENT AUDITOR'S REPORT, continued

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ♦ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT, continued

- ♦ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of management's internal control.
- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ♦ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on management's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause management to cease to continue as a going concern.
- ♦ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chatham, Ontario
September 30, 2026

Baker Tilly CK, LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

BLenheim Medical Health Foundation

Financial Statements

MARCH 31, 2026



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BLLENHEIM MEDICAL HEALTH FOUNDATION**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS****YEAR ENDED MARCH 31, 2026**

	2026	2025
REVENUES		
Amortization of deferred capital contributions (note 8)	\$ 68,912	\$ -
Donations received (note 12)	1,082,999	1,368,155
Fundraising events	10,663	-
Grants	25,020	-
Investment income	54,183	163,230
Rental revenue	125,093	-
	<u>1,366,870</u>	<u>1,531,385</u>
EXPENDITURES		
Administration	155,210	-
Advertising and promotion	23,232	36,641
Amortization	72,959	-
Bank fees	187	769
Fundraising expenses	18,812	7,021
Insurance	14,516	12,825
Office	12,104	3,867
Physician service fees	20,000	8,000
Professional fees	7,436	16,350
Property taxes	47,555	71,240
Rental	7,581	-
Repairs and maintenance	52,052	7,682
Utilities	62,825	526
	<u>494,469</u>	<u>164,921</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>872,401</u>	<u>1,366,464</u>
UNRESTRICTED NET ASSETS		
As previously stated	1,791,464	-
Prior period adjustment (note 12)	(425,000)	-
UNRESTRICTED NET ASSETS, as restated	<u>1,366,464</u>	<u>-</u>
UNRESTRICTED NET ASSETS, END OF YEAR	<u>\$ 2,238,865</u>	<u>\$ 1,366,464</u>

BLLENHEIM MEDICAL HEALTH FOUNDATION**STATEMENT OF FINANCIAL POSITION****MARCH 31, 2026**

	2026	2025
ASSETS		
CURRENT ASSETS		
Cash (note 3)	\$ 117,283	\$ 526,897
Short-term investments (notes 4 and 12)	613,516	4,704,494
Accounts receivable	50,446	-
HST recoverable	463,006	65,924
Prepaid expenses and deposits	63,145	38,145
	<u>1,307,396</u>	<u>5,335,460</u>
NOTES RECEIVABLE (note 5)	631,310	50,000
TANGIBLE CAPITAL ASSETS (note 6)	<u>7,895,344</u>	<u>3,690,471</u>
	<u><u>\$ 9,834,050</u></u>	<u><u>\$ 9,075,931</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 314,202	\$ 435,705
Deferred revenue (note 7)	20,353	15,251
	<u>334,555</u>	<u>450,956</u>
DEFERRED CAPITAL CONTRIBUTIONS (note 8)	<u>7,260,630</u>	<u>7,258,511</u>
	<u>7,595,185</u>	<u>7,709,467</u>
NET ASSETS	<u>2,238,865</u>	<u>1,366,464</u>
	<u><u>\$ 9,834,050</u></u>	<u><u>\$ 9,075,931</u></u>
COMMITMENTS (note 9)		

ON BEHALF OF THE BOARD_____
Member_____
Member

BLLENHEIM MEDICAL HEALTH FOUNDATION**STATEMENT OF CASH FLOWS****YEAR ENDED MARCH 31, 2026**

	2026	2025
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 872,401	\$ 1,366,464
Adjustments for		
Amortization	72,959	-
Amortization of deferred capital contributions	(68,912)	-
Non-monetary donations (note 11)	(117,383)	(4,136,605)
	<u>759,065</u>	<u>(2,770,141)</u>
Change in non-cash working capital items (note 11)	<u>(588,929)</u>	<u>328,272</u>
	<u>170,136</u>	<u>(2,441,869)</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(4,277,832)	(1,132,515)
Note receivable advanced	(581,310)	(50,000)
Purchase of short-term investments	-	(2,194,355)
Redemption of short-term investments	4,208,361	-
	<u>(650,781)</u>	<u>(3,376,870)</u>
FINANCING ACTIVITY		
Deferred capital contributions	<u>71,031</u>	<u>6,330,033</u>
INCREASE (DECREASE) IN CASH	(409,614)	511,294
CASH, BEGINNING OF YEAR	<u>526,897</u>	<u>15,603</u>
CASH, END OF YEAR	<u><u>\$ 117,283</u></u>	<u><u>\$ 526,897</u></u>

1. NATURE OF OPERATIONS

Blenheim Medical Health Foundation was incorporated without share capital under the laws of Ontario as a non-profit organization with the principal purpose to develop a sustainable health hub that will support the residents of the South Kent community with a centralized facility offering comprehensive and integrated health and wellness services. The organization is a registered charity and is exempt from income taxes under the Income Tax Act of Canada provided that certain requirements of the Income Tax Act have been met.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies where alternatives are available:

(a) CASH

Cash and restricted cash consist of balances with financial institutions.

(b) SHORT-TERM INVESTMENTS

Investments in savings accounts, guaranteed investment certificates and mutual funds are accounted for using the cost method. Investment in life insurance policy is accounted for at the cash surrender value. The investments are evaluated for impairment at each statement of financial position date and are written down for any impairment in value that is considered other than temporary. Impairment reversals may occur and the asset can be written up to its cost.

(c) TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost. The organization provides for amortization using the straight-line method at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The annual amortization rates are as follows:

Building	40 years
Equipment	10 years
Signs	10 years

Tangible capital assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. If the total of the estimated undiscounted future cash flows is less than the carrying value of the asset, an impairment loss is recognized for the excess of the carrying value over the fair value of the asset during the year the impairment occurs.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) REVENUE RECOGNITION

The organization follows the deferral method of accounting for contributions.

Contributions are recognized as revenue in the year of receipt, except for the following:

Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions relating to tangible capital assets are credited to deferred capital contributions and are recognized as revenue on the same basis as amortization on the related asset is charged against operations.

Unrestricted interest and investment income is recognized as revenue when earned.

Restricted fundraising revenue is recognized as revenue in the year in which the related expenditures are incurred. Unrestricted fundraising revenue is recognized when received.

Rental revenue is recognized on a straight-line basis over the term of the lease.

(e) CONTRIBUTED SERVICES

Directors, committee members and community members volunteer their time to assist in the organization's activities. While these services benefit the organization considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these services are not recognized in the financial statements.

Contributions of materials are recognized in the financial statements at fair value at the date of contribution, but only when a fair value can be reasonably estimated and when the materials are used in the normal course of operations, and would otherwise have been purchased.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) FINANCIAL INSTRUMENTS

Financial instruments are financial assets or liabilities of the organization where, in general, the organization has the right to receive cash or another financial asset from another party or the organization has the obligation to pay another party cash or other financial assets.

The organization's financial assets consist of cash, short-term investments, accounts receivable and notes receivable. The organization's financial liabilities consist of accounts payable and accrued liabilities.

The organization initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the organization is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If repayment terms exist, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the organization in the transaction.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost and are evaluated for impairment at each statement of financial position date with the write down recorded in excess of revenue over expenditures. Impairment reversals may occur and the asset can be written up to its original cost.

(g) USE OF ESTIMATES

The preparation of financial statements in accordance with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future. Significant estimates and assumptions are used when accounting for items such as impairment of long lived assets, determination of useful lives of property, plant and equipment, revenue recognition, contingent liabilities, and allowances for accounts receivable. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the period in which they become known.

3. CASH

Included in cash is a bank account with a balance of \$9,336, (2025 - \$15,251) that is restricted for use on medical equipment.

4. SHORT-TERM INVESTMENTS

	<u>2026</u>	<u>2025</u> <u>(note 12)</u>
Short-term investments consisting of holdings in a mutual fund investment savings account	\$ 586,702	\$ 4,677,680
Life insurance policy carried at the fund account fair value	<u>26,814</u>	<u>26,814</u>
	<u>\$ 613,516</u>	<u>\$ 4,704,494</u>

5. NOTES RECEIVABLE

	<u>2026</u>	<u>2025</u>
0% note receivable, due in full in October 2030	\$ 50,000	\$ 50,000
0% note receivable, due in full in December 2035	<u>581,310</u>	<u>-</u>
	<u>\$ 631,310</u>	<u>\$ 50,000</u>

6. TANGIBLE CAPITAL ASSETS

	<u>2026</u>		<u>2025</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>
Land	\$ 637,244	\$ -	\$ 637,244
Building	7,177,108	67,285	3,051,927
Equipment	82,232	2,088	1,300
Signs	71,719	3,586	-
	<u>\$ 7,968,303</u>	<u>\$ 72,959</u>	<u>\$ 3,690,471</u>

Tangible capital assets include \$717,711, (2025 - \$3,053,227) which are still under construction and accordingly this amount is not being amortized.

7. DEFERRED REVENUE

Deferred revenue represents unearned revenue relating to start-up operating expenses that have not yet been incurred and rental revenue that has not yet been earned. As the expenses are incurred, the balance of the deferred revenue will be reduced.

	<u>2026</u>	<u>2025</u>
Opening deferred revenue	\$ 15,251	\$ 16,744
Amount received	11,034	15,251
Less: amount spent in the year	<u>(5,932)</u>	<u>(16,744)</u>
Ending deferred revenue	<u>\$ 20,353</u>	<u>\$ 15,251</u>

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8. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent unspent resources that are related to the acquisition and renovation of a building to be used for the Health Hub. The amortization of deferred capital contributions is recognized on the statement of operations on the same basis as amortization is charged against the associated tangible capital assets.

	<u>2026</u>	<u>2025</u>
Opening deferred capital contributions	\$ 7,258,511	\$ 928,478
Amounts received	71,031	6,330,033
Amortization of deferred capital contributions	<u>(68,912)</u>	<u>-</u>
	<u>\$ 7,260,630</u>	<u>\$ 7,258,511</u>

9. COMMITMENTS

The organization has committed to physician service fees under agreements extending to 2030.

Estimated physician service payments are as follows:

2027	\$ 20,000
2028	20,000
2029	20,000
2030	<u>10,000</u>
	<u>\$ 70,000</u>

The amounts paid to the physicians under these agreements are fully refundable should the physician cease to operate his or her practice prior to the committed service term under the agreement.

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10. FUTURE RENTAL REVENUE

The organization has entered into several commercial lease agreements to lease medical office space in the Health Hub building for terms between one and ten years, with an option for the tenant to renew for additional terms. Estimated rental income for the next five years is as follows:

2027	\$ 379,693
2028	383,106
2029	383,106
2030	370,300
2031	<u>259,721</u>
	<u>\$ 1,775,926</u>

11. CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	<u>2026</u>	<u>2025</u>
Accounts receivable	\$ (50,446)	\$ -
HST recoverable	(397,082)	(63,289)
Prepaid expenses and deposits	(25,000)	(37,000)
Accounts payable and accrued liabilities	(121,503)	430,054
Deferred contributions	<u>5,102</u>	<u>(1,493)</u>
	<u>\$ (588,929)</u>	<u>\$ 328,272</u>

During the year, \$117,383, (2025 - \$4,136,605) of donations-in-kind were received in the form of investments which were deposited directly to short-term investments.

12. PRIOR PERIOD ADJUSTMENT

The comparative figures have been restated to reflect an adjustment to correct the short-term investments balance in the prior year. This adjustment resulted in changes to the financial statements, as described below:

Closing financial statements for the year ended March 31, 2025:

An adjustment was required to the organization's short-term investments balance at March 31, 2025. This adjustment resulted in a decrease in current assets of \$425,000 and a corresponding decrease in revenue.

Net impact on the statement of financial position as at March 31, 2025:

	<u>2025</u>
Net decrease in total assets	\$ <u>425,000</u>

Net impact on the statement of operations for the year ended March 31, 2025:

	<u>2025</u>
Net decrease in excess of revenues over expenditures	\$ <u>425,000</u>

13. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

14. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an organization assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments. In management's opinion, there have been no changes to the organization's risks during the year.

(a) MARKET RISK

Market risk is the risk that changes in market prices will affect the organization's net earnings or the value of financial instruments. These risks are generally outside the control of the organization. In management's opinion, the organization is not exposed to significant market risk.

(b) INTEREST RATE RISK

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The organization is exposed to interest rate risk due to the fact that its short-term investments bear interest at variable rates. In management's opinion, the organization is not exposed to significant interest rate risk.